

Advertising Age

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War rages over ratings

Advertisers resist ABC; wait for CBS, NBC

By Wayne Walley

LAST MINUTE NEWS

Tobacco bill set to surface

WASHINGTON—U.S. Rep. Henry Waxman (D., Calif.) this week is expected to introduce his omnibus tobacco bill that includes severe restrictions on advertising and promotion (AA, May 21). Even before the bill's official introduction, the American Advertising Federation, at its national conference this week, called on members to start lobbying against the measure.

Sorrell's salary tops \$1M

LONDON—WPP Group Chief Executive Martin Sorrell's salary last year was more than \$1 million, up 24.5% from 1988, according to the WPP 1989 annual report distributed last week. In addition, WPP for the first time valued Ogilvy & Mather as a brand at \$294 million and added the brand valuation to the company balance sheet as an intangible asset. Valuing a company's brands improves its consolidated balance sheet but doesn't affect profits and losses. WPP added a \$294 million brand valuation for J. Walter Thompson Co. and Hill & Knowlton to its balance sheet at the end of 1988.

Ivana scent deal ahead?

NEW YORK—Ivana Trump may be thinking of getting into the fragrance business. "She's had many offers to license her name [including for fragrance], and it's likely in the future she will do something of that nature," said a spokesman for Ms. Trump, "but, at this point there are no plans." Her appearance at this year's Fragrance Foundation awards plus a complaint against cosmetics marketer Pavillon for the unauthorized use of her name on a cosmetics shade set the rumor mill in motion.

Ralston taps Fallon

ST. LOUIS—Ralston Purina Co. named Fallon McElligott, Minneapolis, to handle an estimated \$25 million consolidated umbrella campaign for Dog Chow, Puppy Chow, Hi-Pro and Fit & Trim dog food brands. Ally & Gargano, New York, remains agency (Continued on Page 8)

NEW YORK—An all-out war over the explosive issue of ratings guarantees is breaking out between advertisers and the Big 3 TV networks, bringing the upfront sales season to a grinding halt.

At least one advertiser is threatening to shift its network TV budget into alternative media, while other leading advertisers are refusing to comment while mulling their options.

Determined to stand its ground, ABC last week adopted a tough policy by withholding prime-time pricing proposals from advertisers that refuse to accept the network's controversial new formula for ratings guarantees, which was revealed in late May (AA, June 4).

"Are we at war? The feeling here is that if we let [the networks] do this, we're going to regret it for a long time," said a major network advertiser who asked to not be identified. "They're going to have demonstrated



Capital Cities/ABC President-CEO Daniel Burke approved the controversial ratings guarantee policy.



Third-rated CBS, led by President-CEO Laurence Tisch, will likely follow ABC's or NBC's lead.



Robert Wright, NBC's president-CEO, said NBC will have to do something because "Nielsen has let us down."

more power than even they knew they had." "As a client, I'm confused. I can only interpret that there's another underlying motivator behind ABC's actions," said Ron

Cox, group VP-marketing for Wm. Wrigley Jr. Co., which last year spent about half its measured media dollars, or \$54 million, on (Continued on Page 54)

Diaper image damaged: poll

By Laurie Freeman

The nation's two major disposable diaper marketers—Procter & Gamble Co. and Kimberly-Clark Corp.—have their work cut out for them in fighting the perception that their diapers are causing big landfill problems.

In a national survey conducted last week for Advertising Age by the Gallup Organization, a surprising number of consumers say they favor taxing or even banning disposable diapers to protect the environment.

Many environmentalists allege disposable diapers are a major landfill problem and that reusable cloth diapers are better. Disposable diaper marketers say their products

represent a minuscule portion of landfills.

At least 20 states are considering taxes or bans on disposable diapers, a \$3.5 billion market in the U.S.

The sample of 1,029 adults, contacted by phone June 6, found 38% "strongly favor" or "favor" a tax on disposable diapers. But more than half (52%) oppose the concept.

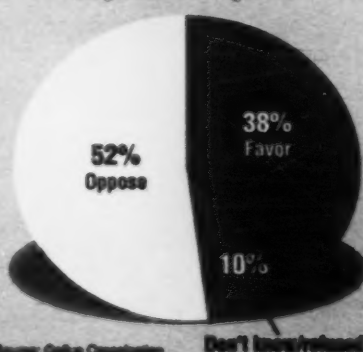
The respondents were asked: "Some states are concerned with the environmental impact of disposable diapers and have suggested (Continued on Page 57)"

GALLUP SURVEY

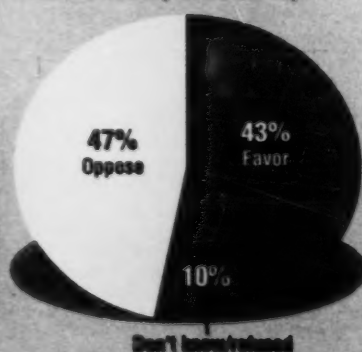
The disposable diaper dilemma

A surprising 38% of 1,029 people surveyed say they favor a tax on disposable diapers and 43% favor a ban.

Do you favor a special tax on disposable diapers?



Do you favor a ban on sales of disposable diapers?



Source: Gallup Organization

Don't know/refused

Don't know/refused

John Hall

P&G seeks to defend its diapers

By Laurie Freeman

Procter & Gamble Co., whose Pampers and Luvs disposable diapers are a prime target of environmentalists, this month is starting a publicity drive to accentuate the positive aspects of disposable diapers.

The campaign, by Burson-Marsteller, Chicago, is intended to counter environmental claims by cloth-diaper services, and convince state legislatures that bans or special taxes on the sale of disposable diapers won't solve the problem of overloaded landfills.

P&G is sending to legislators, media and other groups nationally the results of an Arthur D. Little Inc. study that was completed March 6. The study, commissioned by P&G, found "in terms of environmental considerations, neither disposable nor reusable diapers are clearly superior."

Disposable diapers do, however, provide fewer opportunities for the spread of infection and are generally less costly than their reusable counterparts, the study found.

While the manufacture and use of disposable diapers consume about seven times the raw materials of cloth diapers, reusable diapers use more than three times more non-renewable (Continued on Page 57)

INSIDE

Donald Trump's classic marketing blunder—Page 56

Maybelline buyer has global vision

By Pat Sloan

Maybelline Co. is expected to take another run at fragrance and skincare, and embark on a global expansion under new owner Maybelline Holdings.

The unit of merchant banker Wasserstein Perella Partners last week agreed to a \$300 million buy of the cosmetics company from Schering-Plough Corp., after an earlier deal led by Playtex Family Products CEO Joel Smilow fell through.

Wasserstein Perella has an equity fund with more than \$1 billion in capital and last week also completed an acquisition of Yardley/Lentheric toiletries from SmithKline Beecham.

"Maybelline, together with our acquisition of Yardley/Lentheric, creates a strong strategic platform in the U.S. and European toiletries and cosmetics industry," said Robert McKeon, co-president of Wasserstein Perella Management Partners, the general partner of Wasserstein Perella Partners.

He said Maybelline has excellent distribution in the U.S. but a minuscule presence outside the country. It's just the opposite for Yardley, which is stronger internationally but weak in U.S. distribution.

"We could use the Maybelline

sales force to sell Yardley in the U.S., and we could use the Yardley system to sell Maybelline products overseas," Mr. McKeon said. Maybelline has been "in the U.K.," he said, "so we could start there and then move to Europe. We also see potential in Japan."

Maybelline ranked No. 2 last year in the \$3 billion-plus U.S. mass cosmetics market, following

"There has been no discussion about [an agency change] and we wouldn't impose anything."

Cover Girl from Procter & Gamble Co.'s Noxell Corp. Maybelline's sales were \$285 million; it had a 17.3% dollar share and an 18% unit share, according to an April report from First Boston Corp.

Current Maybelline management, including President Gary Mulloy, will hold an equity stake in the company.

DDB Needham Worldwide, Chicago, is the principal agency on Maybelline, which spent more than \$50 million in advertising in 1989. The Bloom Agency, Dallas,

has some Maybelline assignments, and no changes are expected.

"There has been no discussion about [an agency change] and we wouldn't impose anything," Mr. McKeon said.

He said potential new products could include skincare and fragrance items.

"It's the group's view they're worth another try," Mr. McKeon said. Maybelline once unsuccessfully launched a fragrance called Daydreams and more recently has tested various skincare concepts.

More acquisitions may be in the offing, too. "There are some other things around we think might be interesting," Mr. McKeon said.

The executive acknowledged that his group was one of the contenders for Maybelline earlier this year when Mr. Smilow's group "came in right behind us" (AA, April 9).

"We were in negotiations to acquire Yardley from SmithKline Beecham" at the time of the first Maybelline deal, Mr. McKeon said. "We were anticipating buying Maybelline [then], so we were disappointed."

The Playtex contingent, known as MBP Acquisition Corp., was supposed to close its \$300 million deal last week, but sources said bank financing didn't come through and the agreement was terminated. □

Eastern chief's debut

Shugrue, employees, travelers star in new ads

By Jennifer Lawrence

Eastern Airlines on June 17 launches its marketing turnaround with a \$10 million to \$15 million ad campaign that depends on the communication skills of Martin Shugrue.

Mr. Shugrue, a veteran airline executive appointed in April by a federal bankruptcy judge to run troubled Eastern, spent several days last week answering tough questions from employees and former passengers and a group of business travelers on board an Eastern flight.

From that unscripted footage, four to six commercials will be edited this week to kick off the campaign, internally dubbed "100 Days."

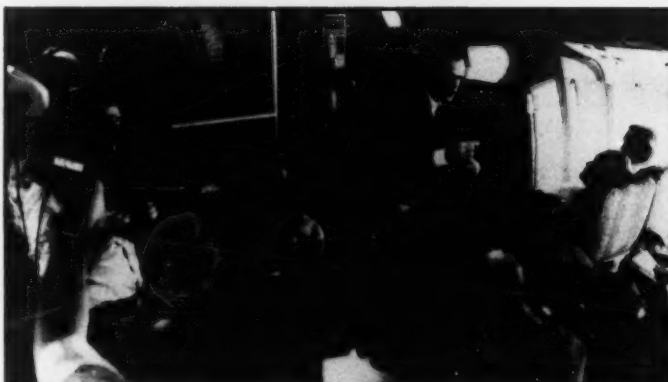
The TV commercials, scheduled for at least 33 spot markets, are meant to authentically illustrate how Eastern's new head will lead the No. 9 carrier back to prosperity.

The participants were told they were being filmed for market research so the spots could portray unbiased and unrehearsed dialogue.

The campaign is the first major creative work from new agency Ogilvy & Mather, New York, which grabbed the \$45 million account from Lintas-New York (AA, May 14).

Sources say O&M won the account by presenting Mr. Shugrue and Eastern's marketing staff with a believable and doable repositioning strategy.

"Our marketing strategy is to



Martin Shugrue, new head of Eastern Airlines, met with passengers on board a flight to Atlanta while a film crew captured the unrehearsed exchange that will be used in the carrier's upcoming campaign.

reposition Eastern as a dependable airline," said George Brennan, VP-marketing at Eastern. "It was very important to demonstrate [in the ads] through reality and authenticity that a flight on Eastern was a good one."

"We knew it was a mistake to script Marty Shugrue. He's not a spokesman per se. His experience and [the] confidence that he shows in spontaneous situations help to communicate the direction he brings to Eastern."

Mr. Brennan believes the strategy goes beyond the Lee Iacocca formula, which centered on Mr. Iacocca's corporate spokesman role to help turn around Chrysler Corp.

As the Shugrue campaign proceeds, employees and passengers

will assume the limelight, also in unscripted situations.

Although TV will dominate the media buy, a print ad is scheduled to run later this week to introduce the campaign.

Eastern has been under federal bankruptcy protection since March 1989 when a machinists strike crippled the unit of Texas Air Corp. Mr. Shugrue's appointment as trustee meant that Texas Air Chairman Frank Lorenzo would no longer run the Eastern unit.

Separately, Texas Air today changes its corporate name to Continental Airlines Holdings, to reflect that the company's principal business is Continental Airlines. Mr. Lorenzo told shareholders at last week's annual meeting. □

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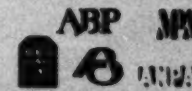


- PepsiCo's Slice ads feature a delightful celebrity endorser with only eight hairs on his head: Fido Dido, the squiggly line-drawing licensing sensation.

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Dentsu dominates Asia/Pacific

Publicis FCB leads in Europe, McCann first in Latin America

By Nancy Giges

Dentsu, Publicis FCB and McCann-Erickson Worldwide emerged as the leading networks in *Advertising Age's* ranking of three international geographical regions.

As the world's largest agency and with most of its income derived from its home market, Tokyo-based Dentsu dominated the Asia/Pacific region with 1989 gross income of \$1.3 billion on billings of \$10.1 billion.

Publicis FCB, Paris, the alliance between Publicis Communications and Foote, Cone & Belding Communications, was the leading network in Europe, with \$354.8 million in gross income on billings of \$2.4 billion.

In Latin America, New York-based McCann-Erickson Worldwide held the No. 1 position with \$73.5 million in gross income on billings of \$490 million.

Rankings are based on gross income in dollar amounts that a network derives from the region. The figures reflect the percentage of equity the network owns. Several large Japanese and Brazilian agencies didn't qualify for the rankings because they don't have offices outside their home countries.

The Japanese agencies continued to dominate the 12-country

Asia/Pacific region because of their strengths in their homeland and the power of the yen against the dollar.

However, a slight decline in the yen against the dollar over 1988 opened the door for more Western-based agencies to qualify for the top 15.

Among Western-based agencies doing business in the Asia/Pacific region, Backer Spielvogel Bates Worldwide edged past McCann to rank No. 7, while HDM strengthened its position in the region with the acquisition of Mattingly in Australia.

This year, a South Korean agency, Cheil Communications, Seoul, also qualified for the chart, ranking No. 11.

In Europe, Young & Rubicam edged out Saatchi & Saatchi Advertising as the No. 2 network during an all-around tough year for Saatchi. HDM, experiencing a strong year, also moved up a slot to No. 8, pushing J. Walter Thompson Co. down to No. 9.

The year 1989 was another period of economic instability in Latin America. Because of the volatility of Latin American currencies, percentages of change from 1988 to 1989 weren't calculated.

Five networks—McCann, JWT, Ogilvy & Mather, Leo Burnett Co. and Saatchi—made the listing in

all three regions. Only one of those—McCann—captured a No. 1 slot, and one, JWT, held a No. 2 position. Two, O&M and Saatchi, held No. 3 positions.

As a group, the top 20 agency networks in Europe accounted for gross income of \$4 billion on billings of \$27.4 billion. The top 15 in Asia had gross income of \$3.1 billion on billings of \$22.5 billion, and the top 15 in Latin America had gross income of \$370 million on billings of \$2.3 billion. □

Who's on top in Latin America

Rank	Agency	'89 Lat. Amer. gross income by equity	'89 Lat. Amer. gross income as % of worldwide	'89 Lat. Amer. billings by equity	'89 Lat. Amer. billings as % of worldwide
1	McCann-Erickson Worldwide	\$73,464	10.3	\$490,005	10.3
2	J. Walter Thompson Co.	58,092	9.3	342,795	7.8
3	Ogilvy & Mather Worldwide	42,888	6.1	295,622	6.1
4	Lintas:Worldwide	40,698	6.9	271,453	6.9
5	Duallibi, Petit, Zaragoza	34,616	NA	139,550	NA
6	Young & Rubicam	25,887	3.0	172,142	2.8
7	Leo Burnett Co.	24,732	5.1	190,568	5.9
8	Foote, Cone & Belding	17,695	3.5	118,024	3.5
9	BBDO Worldwide	14,533	2.2	73,843	1.6
10	Saatchi & Saatchi Advertising	12,645	1.4	89,276	1.5
11	Grey Advertising	8,999	1.8	55,005	1.7
12	D'Arcy Masius Benton & Bowles	4,580	1.0	29,408	0.8
13	Scall, McCabe, Sloves	4,364	3.4	24,935	2.9
14	Bozell	3,317	1.7	22,110	1.6
15	DDB Needham Worldwide	1,516	0.3	10,113	0.2

Figures are in thousands. Percentages of change from 1988 to 1989 are not given for gross income and billings because of the volatility of the Latin American financial markets; J. Walter Thompson Co.'s figures include data for CB&A/Propag, Sao Paulo, 100% owned by JWT; since a requirement to be listed as a network is at least one office outside the home country, the following four Brazilian shops do not appear in the chart: NPM Propaganda, Sao Paulo, No. 1 in Brazil, affiliated with Grey Advertising; Gross income and billings in 1989 \$83.9 million and \$220.7 million; ALMAP/BBDO, Sao Paulo, No. 2; BBDO holds 19.9% equity. Gross income and billings \$38 million and \$144.1 million; Norton Publicidade, Sao Paulo, No. 7. Gross income and billings \$24.2 million and \$96.8 million; Salles/Inter Americana, Sao Paulo, No. 8. Gross income and billings, \$22 million and \$110 million. Source: Advertising Age

Who's on top in Europe

Rank	Agency	'89 European gross income by equity	% change over 1988	'89 European gross income as % of worldwide	'89 European billings by equity	% change over 1988	'89 European billings as % of worldwide
1	Publicis FCB	\$354,773	10.2	98.9	\$2,374,738	9.4	98.7
2	Young & Rubicam	337,494	20.6	39.0	2,345,992	26.7	37.5
3	Saatchi & Saatchi Advertising	332,708	14.6	37.4	2,269,871	7.9	37.5
4	McCann-Erickson Worldwide	278,082	10.5	38.9	1,854,826	10.5	38.8
5	Backer Spielvogel Bates	264,626	3.9	34.8	1,796,142	10.2	34.9
6	Ogilvy & Mather Worldwide	260,999	12.6	37.3	1,822,075	18.2	37.7
7	Lintas:Worldwide	226,518	7.3	38.2	1,510,880	7.3	38.2
8	HDM	222,618	15.0	60.5	1,489,328	15.6	58.3
9	J. Walter Thompson Co.	210,725	8.8	33.6	1,479,152	8.1	33.6
10	Grey Advertising	197,349	14.5	59.6	1,333,566	16.1	40.8
11	EWDB	195,574	14.5	51.3	1,316,274	15.6	48.7
12	D'Arcy Masius Benton & Bowles	185,239	7.7	39.3	1,382,369	11.1	36.3
13	DDB Needham Worldwide	174,238	48.0	31.5	1,204,325	50.3	29.4
14	BBDO Worldwide	156,267	12.8	23.8	1,018,844	13.9	22.4
15	Lowe International	142,381	11.4	62.1	949,266	11.4	62.1
16	RSCG Group	121,444	11.5	69.3	839,010	9.0	68.0
17	Leo Burnett Co.	108,265	13.1	22.4	721,954	14.1	22.2
18	TBWA	90,378	21.7	73.1	605,043	16.8	73.2
19	BDOP Group	84,931	37.4	71.4	566,233	29.5	71.6
20	Collett Dickinson Pearce	67,888	47.3	85.1	479,525	48.5	83.9

Figures are in thousands. Publicis FCB, headquartered in Paris, is a combination of the mutual European holdings of the two organizations into a single, jointly owned network; Young & Rubicam's European percentage ownership in HDM is not included in Y&R's totals; EWDB is Eurocom WCRS Delta Fortuna B&B, a network created late in 1989. Source: Advertising Age

Who's on top in Asia/Pacific

Rank	Agency	'89 Asia/Pacific gross income by equity	% change over 1988	'89 Asia/Pacific gross income as % of worldwide	'89 Asia/Pacific billings by equity	% change over 1988	'89 Asia/Pacific billings as % of worldwide
1	Dentsu	\$1,314,400	11.9	NA	\$10,063,184	12.6	NA
2	Hakuhodo	585,457	12.1	NA	4,449,106	12.9	NA
3	Dai-ichi Kikaku	155,795	9.8	NA	1,052,953	7.7	NA
4	Dai-ichi Kikaku	152,084	8.9	NA	1,214,107	7.8	NA
5	Asatsu	113,879	10.8	NA	837,272	13.1	NA
6	I&S Corp.	94,734	13.9	NA	770,203	11.2	NA
7	Backer Spielvogel Bates Worldwide	93,908	26.7	12.4	627,702	30.7	12.2
8	McCann-Erickson Worldwide	93,637	12.6	13.1	624,561	12.6	13.1
9	HDM	88,834	88.7	24.1	618,445	82.7	24.2
10	J. Walter Thompson Co.	66,562	26.2	10.6	439,326	25.6	10.0
11	Cheil Communications, Seoul	64,018	43.1	NA	247,471	27.5	NA
12	Ogilvy & Mather Worldwide	55,617	36.1	7.9	379,580	43.6	11.5
13	Leo Burnett Co.	55,386	34.0	11.4	366,153	34.6	11.3
14	Saatchi & Saatchi Advertising	51,906	20.5	5.8	327,614	36.4	5.4
15	Chuo Senko Advertising	50,615	7.6	NA	376,386	8.0	NA

Figures are in thousands. Since a requirement to be listed as a network is at least one office outside the home country, the following three Tokyo-based shops were not listed: Tokyo Agency, Tokyo, No. 3 in Japan, with gross income and billings in 1989 of \$109.2 million and \$13.5 billion, respectively; Yamanashi Advertising, Tokyo, No. 7, with gross income and billings of \$108.3 million and \$733.5 million; and Asahi Advertising, Tokyo, No. 10, with gross income and billings of \$88.5 million and \$259.4 million. Young & Rubicam did not qualify for the chart because it uses H&M's network in Asia and maintains separate offices only in Australia and New Zealand. Source: Advertising Age

BULLETIN

Act now to schedule the strongest game-show line-up ever, with WHEEL OF FORTUNE and JEOPARDY ranking 1 and 2 in syndication plus the return of MATCH GAME, TO TELL THE TRUTH, and a glossy new version of LET'S MAKE A DEAL. Call or write for details.

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Numbers don't lie: Research woes grow

Revenues flat; companies cut costs, fight for share in the decade of data overload

By Joseph M. Winski

These aren't good times for the market research business.

The heady days of the 1980s, when double-digit industry growth generated higher sales for most companies, are over.

Research revenues of the research companies in *Advertising Age's* 16th annual industry review rose just 7.1% last year, down from gains of 13.9% in 1988 and more than 16% in both 1986 and 1987.

Expectations for this year are modest indeed. Companies parti-

cipating in the survey say they expect revenues to grow this year by an average of 5%. Adjusting for inflation, that amounts to virtually no growth at all.

As a result, the early years of

the 1990s will be marked by a new era of unusually intense competition for business.

"We can no longer expect to grow just through industry growth," says Verne Churchill, chairman-ceo of Market Facts. "Companies are going to be out there fighting for market share."

His perspective is that of the custom research business, but it's pretty much the same story in syndicated research, particularly the scanner-based segment, where Information Resources and Dun & Bradstreet Corp.'s A.C. Nielsen Co. have been slashing costs to win business from each other (See story on Page S-10).

Issues for the '90s

"Communicating that research is a wise investment, not an overhead expense."

—Elliott Young, president
Perception Research Services

Issues for the '90s

"Price wars."

—Marjorie Michilli,
VP-general manager, Chilton
Research Services, New York

Much of the industry malaise can be traced to the mergers, acquisitions and leveraged buyouts that occurred in the 1980s in the package-goods industry, the biggest buyer of market research.

This restructuring has imposed new debt and a new cost-cutting mentality on package-goods com-

panies, resulting in a reduction of both the size and influence of corporate research departments.

"Corporate downsizing" of research departments was one of the most frequently mentioned industry issues cited by survey respondents. Without a strong internal voice for research, companies are less likely to seek independent research from outside vendors, research industry executives say.

"The financial men have moved in to control our industry," says Sol Dutka, ceo of Audits & Surveys.

"Communicating that research is a wise investment, not an overhead expense," is a key challenge (Continued on Page S-20)

Top U.S. research companies by research revenues

Rank '89	Rank '88	Company, headquarters	Gross U.S. research revenues			Employees		Telephone research		Top executive	Telephone
			1989	1988	% chg	Full-time	Part-time	Facilities	Stations		
1	1	A.C. Nielsen Co., Northbrook, Ill.*	\$426.0	\$387.0	10.1	941	7	NA	NA	Jack Holt, president	(708) 498-6300
2	2	Arbitron Co., New York	290.0	320.0	(9.4)	2,500	2,000	2	121	A.J. Aurichio, president	(212) 887-1300
3	3	IMS International, New York*	181.0	164.0	10.4	NA	NA	NA	NA	Serge Okun, president/ceo	(212) 371-2310
4	4	Information Resources Inc., Chicago	113.8	99.3	14.6	1,577	919	NA	NA	John Malec, chmn	(312) 726-1221
5	5	Westat, Rockville, Md.	65.9	64.5	2.2	530	580	3	194	Morris H. Hansen, chmn	(301) 251-1500
6	6	M/A/R/C, Irving, Texas	53.2	51.1	4.1	450	1,000	3	250	Cecil B. Phillips, chmn/ceo	(214) 506-3400
7	7	Maritz Marketing Research, Fenton, Mo.	46.1	40.6	13.5	493	2,000	14	636	William H. Lewellen, president	(314) 827-1610
8	10	MRB Group, New York	44.6	36.8	21.4	791	862	5	432	Frank Stanton, chmn/ceo	(212) 916-8900
9	8	NFO Research, Greenwich, Conn.	42.0	39.9	5.3	400	375	3	200	William E. Lipner, president/ceo	(203) 629-8888
10	9	Market Facts, Chicago	39.0	37.8	3.1	525	550	3	144	Verne B. Churchill, chmn/ceo	(312) 280-9100
11	12	Elrick & Lavidge, New York	38.0	31.5	20.6	314	850	6	300	Sanford M. Schwartz, president	(212) 682-1221
12	11	NPD Group, Port Washington, N.Y.	34.7	34.5	0.6	260	340	1	50	Tod Johnson, president	(516) 625-0700
13	13	Burke Marketing Research, Cincinnati	27.1	28.6	(5.2)	350	500	2	200	Ronald L. Tatham, president/ceo	(513) 852-8585
14	16	Walker Research, Indianapolis	26.5	21.5	22.8	142	670	4	230	Frank D. Walker, chmn/ceo	(317) 843-3939
15	14	Chilton Research Services, Radnor, Pa.	21.8	23.7	(8.0)	203	500	5	350	Marjorie Michitti, VP-gen mgr	(215) 964-4602
16	17	Starch INRA Hooper, Mamaroneck, N.Y.	20.5	19.0	7.9	200	31	3	95	William J. Wilson, president	(914) 698-0800
17	15	Research International, London	19.8	21.3	(7.1)	200	1	100	50	Ian Hunt, chmn	44-71-235-1588
18	20	ASI Market Research, New York	17.4	14.7	18.4	143	500	2	255	Gerald Lukeman, president/ceo	(212) 807-9393
19	19	Decision Research Corp., Lexington, Mass.	15.9	14.9	6.7	99	50	1	10	Robert S. Duboff, sr VP	(617) 861-7350
20	24	National Research Group, Los Angeles	15.3	12.1	26.4	360	NA	80	NA	Joseph Farrell, chmn/ceo	(213) 856-4400
21	23	Mediamark Research, New York	15.2	13.0	17.3	50	2	NA	NA	Alain Tessier, chmn/ceo	(212) 599-0444
22	22	Birch/Scarborough Research, Coral Springs, Fla.	14.2	13.2	7.6	300	700	NA	NA	William P. Livek, president/ceo	(305) 753-6043
23	21	Harle-Hanks Marketing Services, River Edge, N.J.	13.5	13.4	0.7	153	130	2	75	Tom Swithenbank, president	(201) 342-8400
24	18	National Analysts, Philadelphia	13.4	15.3	(12.5)	123	11	NA	NA	Marshall G. Greenberg, president	(215) 496-6800
25	26	Custom Research, Minneapolis	12.9	10.8	19.7	85	150	1	60	Judith S. Corson, partner	(612) 542-0800
26	30	Millward Brown, Naperville, Ill.	11.7	9.0	30.4	130	400	5	350	Robert D. Meyers, president/ceo	(708) 505-0066
27	29	J.D. Power & Associates, Agoura Hills, Calif.	11.5	9.6	19.8	90	120	1	12	J.D. Power III, president	(818) 889-6330
28	27	Data Development Corp., New York	10.6	10.4	1.9	120	300	2	120	Joseph Goldstein, president	(212) 633-1100
29	31	Lieberman Research West, Los Angeles	9.8	8.9	9.7	65	150	1	100	Michael Liebergall, president	(213) 553-0550
30	28	Wirthlin Group, McLean, Va.	9.5	9.7	(1.7)	67	183	1	117	Richard B. Wirthlin, chmn/ceo	(703) 556-0001
31	25	Market Opinion Research, Detroit	8.5	11.4	(25.3)	75	200	3	98	Frederick P. Currier, chmn/ceo	(313) 963-2414
32	33	Guideline Research Corp., New York	8.5	8.2	3.7	45	10	NA	NA	Norman Passman, chmn	(212) 947-5140
33	34	Total Research Corp., Princeton, N.J.	8.3	7.5	11.6	120	230	2	75	Loren Zissman, president/ceo	(609) 921-8100
34	36	Conway/Milliken & Associates, Chicago	8.1	6.8	18.2	78	102	2	76	Foy N. Conway, ceo	(312) 787-4060
35	32	Louis Harris & Associates, New York	7.8	8.3	(6.0)	195	300	2	90	Louis Harris, chmn/ceo	(212) 696-9600
36	35	McCullum/Spielman Worldwide, Great Neck, N.Y.	7.3	7.2	1.4	55	NA	NA	NA	Harold M. Spielman, ceo	(516) 482-0310
37	38	Newman-Stain, New York	6.8	6.3	7.9	50	NA	NA	NA	Lawrence Newman, president	(212) 777-2700
38	39	Marketing Research Services, Cincinnati	6.7	6.1	9.8	95	240	3	140	David C. Disher, exec VP	(513) 579-1555
39	40	Vanderveer Group, Fort Washington, Pa.	6.6	6.1	9.2	70	90	1	60	Richard B. Vanderveer, chairman/ceo	(215) 646-7200
40	37	CLT Research Associates, New York	6.6	6.5	1.5	50	10	NA	NA	Lowell Allen, president	(212) 779-1990
41	41	Response Analysis Corp., Princeton, N.J.	6.4	6.0	6.6	64	70	1	49	James H. Fouss, president/ceo	(609) 921-3333
42	42	Field Research Corp., San Francisco	6.3	5.2	21.4	75	65	2	100	Mervin Field, chmn	(415) 392-5763
43	44	Markham/Dove Marketing Research, St. Louis	5.2	5.0	4.2	65	150	3	70	Carl E. Block, president	(314) 878-7707
44	43	AHF Marketing Research, New York	5.1	5.0	0.6	55	160	1	78	Beryl L. Levitt, president	(212) 244-5555
45	45	Oxley-Smith, New York	5.0	5.0	0.0	60	10	1	15	Joseph G. Smith, chmn	(212) 814-0040
46	46	Strategy Research Corp., Miami	4.9	4.5	8.9	50	360	1	13	Richard W. Tobin, president	(305) 649-5400
47	47	Lieberman Research, New York	4.7	4.3	9.3	20	10	NA	NA	Sy Lieberman, chmn	(212) 352-1800
48	48	DYG Inc., Elmsford, N.Y.	4.0	4.0	0.0	20	3	NA	NA	Daniel Yankelovich, chmn	(914) 347-7200
49	45	Market Development, San Diego	2.5	2.2	13.6	19	5	NA	NA	Loretta H. Adams, president	(619) 232-5000
50	50	Associated Global Market Research, London	1.4	1.1	27.3	276	3,560	8	120	Ivor Stocker, chmn	44-1-240-8551
51	51	Norman Reed Research, Syosset, N.Y.	1.1	0.7	58.0	13	4	NA	NA	Norman S. Reed, president	(516) 336-8000
52	52	Hispanic Marketing Research & Comm., San Antonio	0.8	0.4	87.5	14	6	3	48	Naghi Namakforoosh, president	(512) 736-2000
53	NA	Truth Research, Brookfield, Conn.	0.4	NA	NA	NA	NA	NA	NA	Karen M. Forrester, president	(203) 317-0000
54	NA	Northstar Research Associates, New York	0.3	NA	NA	2	9	NA	NA	Martin D. Yazmir, president	(212) 594-1117
55	53	Malcolm Arnold, White Plains, N.Y.	0.3	0.2	11.1	2	2	NA	NA	Malcolm Arnold, president	(914) 761-3000
Totals			1,790.9	1,696.2	5.6	13,229	19,447	283	5,383		

Notes: Dollars are in millions. * Indicates figures are AA estimates. Source: AA survey.

Compiled by Kenneth Wyle. AA chart: Kevin Brown

Nielsen, Arbitron lead the pack

But robust growth of previous years evaporates

By Kenneth Wylie

Last year held the worst news yet in the research industry's recent history.

Revenue increases were off to a point where inflation virtually negated growth, according to *Advertising Age's* survey of the industry.

The downturn also does not discriminate, often striking the companies at the top of the heap as hard as those on the lower end of the revenue scale.

No. 1 A.C. Nielsen Co. almost

doubled the industry growth average with a 10.1% jump in U.S. research revenue to an estimated \$426 million in 1989. But the company fell off the 20.5% revenue growth pace established in 1988.

No. 2 Arbitron Co. took the biggest hit, dropping 9.4% to \$290 million. It cites the sale of Burke Marketing Research as the reason.

Research revenues at pharmaceutical/healthcare information provider No. 3 IMS International rose 10% to an estimated \$181 million in 1989, far short of the

22% growth it experienced in 1988.

Total 1989 U.S. research revenues of the 50 leading companies rose only 5.6% to \$1.8 billion. (See chart on P. S-2.) U.S. research revenues of the top 50 companies grew 13.9% in 1988 and 16.8% in 1987.

Respondents to the *Ad Age* survey think the industry will grow only about 5% before inflation in 1990, illustrating the industry's sluggishness is not a brief phenomenon.

U.S. research revenues for the

55 research companies in this expanded 1990 survey realized marginally better percentage-gains, rising 5.7% in 1989 to \$1.791 billion.

Revenue jumps, dips and doldrums in today's research field reflect the kinetic state of U.S. business generally and how it uses research specifically, according to senior research executives.

"There was no particular reason for our bigger revenue," says Catherine Paura, president of No. 20 National Research Group, which experienced the biggest

U.S. research revenue gain among the top 20 with a 26.4% jump to \$15.3 million in 1989.

"We focus on the entertainment industry where there was a general increase in client activity," she says. "Of course, the motion picture industry's record-breaking \$5 billion box office year for '89 helped."

The 21% gain by No. 8 MRB Group resulted from a "dramatic increase in business for our Winona MRB ad hoc research company," says Joel Cantos, chief financial officer. The acquisition of Field Facts helped push No. 11 Elrick & Lavidge's 1989 revenues up 20.6% to \$38 million.

The leading gainer among the top 50, No. 26 Millward Brown, ascribes its 30.4% jump to revenues generated by its Advance Tracking system that correlates advertising/promotions expenditures to awareness and sales. Millward Brown's U.S. research revenues rose to more than \$11.7 million in 1989.

Arbitron, which experienced the biggest percentage decline of the top 20, saw its revenues fall 9.4% to \$290 million in 1989.

"Our lower revenue was caused by the sale of Burke in 1989," says Thom Mocarsky, VP-communications. Arbitron's parent, Control Data Corp., sold off Burke to its employees in July 1989. The company now operates as No. 13, Burke Marketing Research.

The second biggest drop was experienced by Research International, which saw U.S. research revenues decline 7.1% to \$19.8 million.

Marketing Director Jon Wilkinson attributes the decline to a company reorganization and "the sticky market in the U.S. that was a familiar part of business in 1989." □

Kenneth Wylie is a frequent contributor to *Advertising Age*.

How section data were compiled

Data used in preparing *Advertising Age's* 1990 Research Business Report came from multiple sources, including interviews and a survey distributed to research companies.

The resulting statistical and descriptive information was used in preparing the accompanying charts and background and is incorporated in the feature coverage throughout this section on the research industry.

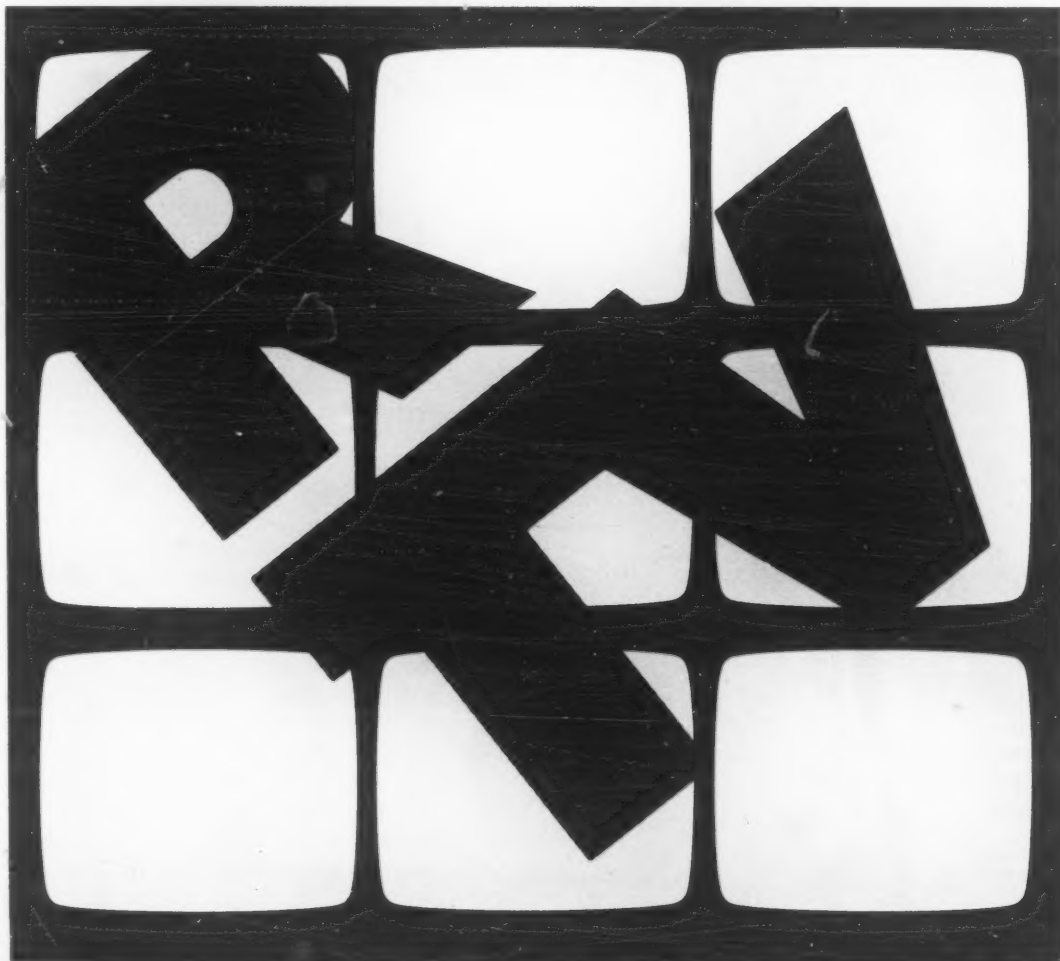
The results of this process provided *Ad Age* with a wealth of data on the responding companies—and the research industry. Of all the organizations surveyed, results from 55 included the financial data that made possible their inclusion in the final tabulation, the most extensive yet published by *Advertising Age*.

Some of the revenue totals shown are *Advertising Age* estimates based on previous reports and on financial data published in public documents by the companies concerned.

Where totals showed significant increases or decreases for the year, *Ad Age* interviewed senior officers of the companies concerned for supporting information.

Documentation of the results is included with the chart listing the Top 55 U.S. research companies

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Pollsters jockey for position in hot races

By Adam Lashinsky

A number of hotly contested U.S. Senate and gubernatorial campaigns is shaping 1990 into a banner year for political research companies.

Signing up pollsters started early for this year's elections "and every other barometer for campaign spending is up," says John Phillips, publisher of *Campaign Industry News*, a monthly that covers the industry.

The magazine estimates political research revenues for the 1990 election cycle (1989 and 1990) will total \$42 million. Mr. Phillips be-

lieves that is higher than the revenues for the most recent comparable cycle (1985 and 1986), though those figures aren't available.

"There's plenty of business out there," he says. But an increasing number of companies are vying for that business, he adds, resulting in "some bare-knuckled competition" to win clients.

According to *CIN*, there are no fewer than 376 companies vying for at least some political research business in the 1990 election cycle (1989 and 1990). About 75 of them are "full-service" political consultants/researchers.

While their corporate counterparts often win gratitude—and

new business—by helping a client attain a reasonable market share, for political research companies, one thing matters: winning.

Mellman & Lazarus, a Washington-based Democratic polling company, is having a busy year, says Chairman Edward Lazarus because M&L helped clients in three "landslide upsets" in 1986 U.S. Senate races—the victories of Thomas Daschle of South Dakota, Harry Reid of Nevada and Timothy Wirth of Colorado, all first-time Senate candidates.

Mellman & Lazarus is handling eight statewide races this year, including Michigan Democratic Sen. Carl Levin's defense against

GOP Rep. Bill Schuette.

Individual reputations matter much more in political research than in corporate research, political researchers say.

"Each of us is known as a person" rather than a company, says Jan Van Lohuizen, Washington-based group VP of Market Opinion Research, a Republican pollster.

MOR says its clients this year include Sen. Mitch McConnell, running for re-election in Kentucky; Barbara Hafer, Pennsylvania auditor running for governor; and Arne Carlson, Minnesota comptroller and one of four candidates for the Republican nomination for governor.

"Very few of the firms have the institutional body weight to attract clients because of their [company] names," agrees Alexander Gage, a partner at Market Strategies, a Republican pollster.

Market Strategies is working on nine statewide campaigns this year, including the Schuette campaign in Michigan. Mr. Gage's other clients, all Republican, include Illinois Secretary of State Jim Edgar, who is running for governor, and freshman U.S. Sen. Dan Coats of Indiana, who is serving the remainder of Vice President Dan Quayle's term.

One of the newer operations this year is Washington-based American Viewpoint.

The Republican pollster is involved in seven statewide campaigns this year, including Republican Rep. Thomas Tauke's Senate race against incumbent Iowa Sen. Tom Harkin, Illinois Rep. Lynn Martin's bid to unseat Democratic Sen. Paul Simon and Rhode Island Rep. Claudine Schneider's attempt to gain Democratic Sen. Claiborne Pell's seat.

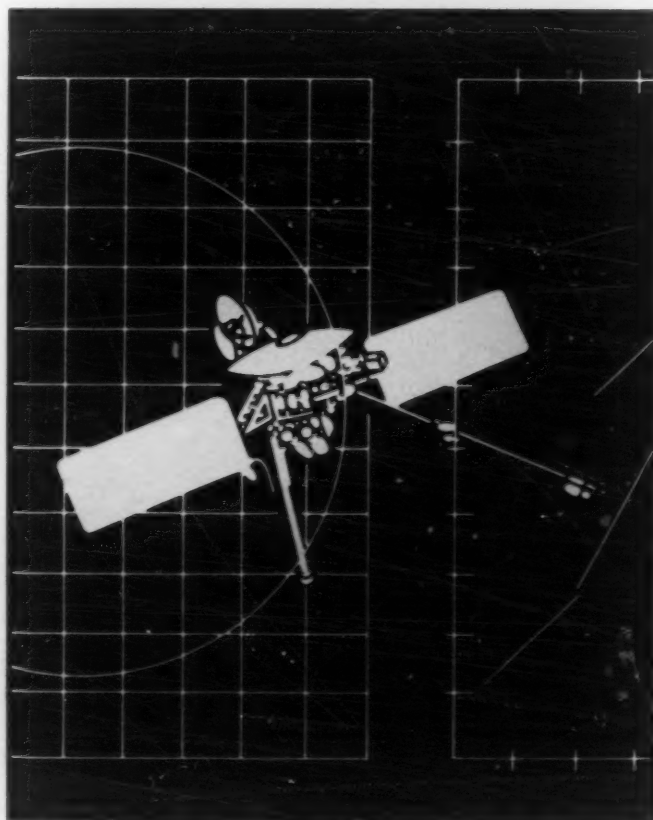
American Viewpoint's rise illustrates the importance of personal contacts in the business. In (Continued on Page S-16)

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Life of the parties

Political research company affiliations in selected upcoming U.S. Senate and gubernatorial races

REPUBLICANS

The Wirthlin Group
 ■ Rep. John Rowland for governor, Conn.
 ■ Sen. William Cohen for U.S. Senate, Maine
 ■ Sen. Larry Pressler for U.S. Senate, S.D.
Market Strategies
 ■ Jim Edgar for governor, Ill.
 ■ Sen. Dan Coats for U.S. Senate, Ind.
 ■ Rep. Bill Schuette for U.S. Senate, Mich.
Market Opinion Research
 ■ Dan Daly for U.S. Senate, Mass.
 ■ Barbara Hafer for governor, Pa.
 ■ Arne Carlson for governor, Minn.
Caldwell Group
 ■ Sen. Strom Thurmond for U.S. Senate, S.C.
American Viewpoint
 ■ Rep. Thomas Tauke for U.S. Senate, Iowa
 ■ Rep. Lynn Martin for U.S. Senate, Ill.
 ■ Rep. Claudine Schneider for U.S. Senate, R.I.

DEMOCRATS

Carl-Hart Strategic Research
 ■ Sen. Tom Harkin for U.S. Senate, Iowa
 ■ Harvey Sloane for U.S. Senate, Ky.
Hickman & Westin
 ■ Ann Richards for governor, Texas
 ■ John Van de Kamp for governor, Calif.
 ■ Sen. Paul Simon for U.S. Senate, Ill.
Mellman & Lazarus
 ■ Sen. Carl Levin for U.S. Senate, Mich.
 ■ Rep. Bruce Morrison for governor, Conn.
 ■ Rep. Ronnie Flippo for governor, Ala.

Teeter pulls the strings

But Wirthlin, Harrison, Marttila & Kiley have busy slates

By Adam Lashinsky

Political researchers eyeing the Big One—the 1992 presidential campaign—know this above all: In the “what-have-you-done-for-me-lately?” world of political consulting, research companies that help win presidential campaigns stay on top.

The undisputed current king of the polling mountain is Robert Teeter, longtime pollster to George Bush and obvious choice

to direct the president's research in 1992.

Mr. Teeter is president of Coldwater Corp., an Ann Arbor, Mich.-based research and consulting company. Beyond his own involvement in a number of 1990 races, Mr. Teeter is said to wield considerable influence over which Republican-oriented researchers get which clients.

He is also on retainer to the Republican National Committee in Washington and the Ohio Republican Party.

Where Mr. Teeter waxes, Ri-

chard Wirthlin, head of McLean, Va.-based Wirthlin Group, wanes, at least in the presidential arena.

Mr. Wirthlin, *Advertising Age's* 1980 Adman of the Year for his efforts for President Reagan, worked for the failed presidential campaign of Kansas Sen. Bob Dole in 1988.

Mr. Wirthlin “took it on the chin,” one Republican pollster says, for Mr. Dole's crucial drubbing in the New Hampshire primary by then-Vice President Bush.

Wirthlin Group is nonetheless

thriving, says Neil Newhouse, a Wirthlin Group senior VP. It is working on more than eight statewide races this year, he says, including gubernatorial campaigns in Maine and Connecticut.

On the Democratic side, pollsters who worked on Gov. Michael Dukakis' dismal campaign probably aren't on anyone's short lists among potential contenders in 1992.

They are managing to keep busy this year, however. Irwin “Tubby” Harrison, president of Harrison & Goldberg, Cambridge, Mass., Gov.

Dukakis' principal pollster in 1988, is working on a number of races, including the re-election bids of Michigan Gov. James J. Blanchard and Rhode Island Sen. Claiborne Pell.

Marttila & Kiley, a Boston research firm that also polled for Gov. Dukakis, is involved in four statewide and five congressional campaigns. Prominent clients include Sen. John Kerry and Reps. Barney Frank, Joseph P. Kennedy II and Chester Atkins, all Massachusetts Democrats.

If the “I'll-dance-with-who-brought-me” axiom holds, as it has in the past in presidential pol-

Issues for the '90s

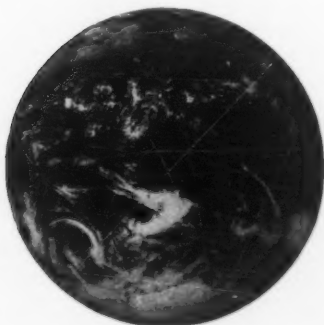
“Dropping respondent cooperation rates, unlisted telephone numbers, call-intercept technologies.”

—Jim Granger, president, Wirthlin Group, McLean, Va.

Working together, we can do a world of good.

There are cynics among us who say that green is merely the latest color of the marketing bandwagon, who charge that businesses are only environmentally concerned because it helps bring in more sales.

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With the right product, the right agency and the right promotion, promoting the environment makes everyone a winner.

Consider the two highly coveted American Marketing Association SPIRE awards that QLM has won this year for consumer promotions that produced outstanding sales results and helped the environment.

One promotion brought Johnson & Johnson significant sales for a free-with-proofs Smokey The Bear plush animal, and thousands of dollars in contributions for the National Forest Service.

The other delivered a 50% sales increase to Calistoga, and a large donation to American Rivers, an organization dedicated to preserving America's free-flowing rivers.



With the right effort, we all win...including the environment.

Promotions such as these have not only done wonders for the organizations involved, they've helped future generations.

Better business for a better world

Something else wonderful often occurs as a result of Green Marketing: The businesses involved become more environmentally aware.

QLM, for instance, now uses personalized, reusable coffee mugs instead of styrofoam cups.

This simple act keeps at least 60,000 non-degradable cups from reaching landfills each year.



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Also, recycling bins now stand strategically located for copier paper and soda cans. And QLM is committed to using recycled paper wherever possible.

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Call Lew today. Because working together, we can do a world of good.

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itics, Sen. Bill Bradley (D, N.J.) probably will turn to Wilton, Conn.-based pollster Joe Peritz for help should the senator enter the 1992 race.

Mr. Peritz, who owns the market research firm of the same name, worked for Sen. Bradley in his successful 1984 campaign.

That was the first political effort for Mr. Peritz, but he recorded another success last year as pollster for James Florio's successful run for New Jersey governor.

New York Gov. Mario Cuomo used in-house pollsters in 1986 and plans to do so in his re-election bid, a spokesman says.

“We have people who do it well. And we have great confidence in them,” says Bill Mulrow, consultant to Friends of Mario Cuomo Committee.

Mr. Mulrow says he assumes the governor would use the same in-house approach should he run for president in 1992, but Mr. Mulrow, like his boss, refused to speculate on the likelihood of such a bid. □

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Scanner research snared in discounting web

By Scott Hume

Electronic scanner research is becoming just the kind of product it was designed to study.

Its category is dominated by a small number of diversified companies; the product has pretty thoroughly identified and captured its core audience, changing it from a growth market to a marketshare battleground; and it is fighting product parity with discounting.

Its "new product" days over, scanner-based research finds itself looking for ways to keep its consumers interested and happy with brand extensions and "new and improved" labels.

Despite the scanner marketplace's maturation, respondents to *Advertising Age's* research survey suggest it has not peaked. More than 65% of them identified sales and post-sales tracking as a growth category.

"We're going to be seeing a lot of activity, a lot of action in the market this year and next," predicts Bob Warrens, senior VP-research at J. Walter Thompson USA, Chicago.

That activity will take the form of new services and refinements in basic services. And as with grocery or household products, the increasing sophistication of scanner-based research's customers is driving the activity.

The product has been on

"shelves" long enough for its customers to spot shortcomings.

The industry was born from the marriage of lasers that could scan the Universal Product Code on a product being purchased at a checkout with the computer, which remembers and collects the sales information.

The next step was the development of "single-source" data, created by coupling scanner-generated buying information with information about the purchaser, including the in-store promotions and TV advertising to which those people had been exposed.

The result has been the creation of the scanner-based research industry, whose product is a previously unimaginable amount of detailed information about purchases, purchasing habits and advertising/marketing effectiveness.

Two companies—Information Resources Inc. and A.C. Nielsen—dominate the scanner and "single-source" research market. Each has roughly half the market and is battling to boost its share at the other's expense.

The depth of those two companies' dominance, as well as the depth of the competition between them, was made clear in 1987 when A.C. Nielsen parent Dun & Bradstreet Corp. announced a

Leading revenue-generating and growth categories by research activity

	Average contribution to revenues*	Growth category**
Electronic media measurement	38.7%	13.0%
Non-electronic media measurement	37.4	21.7
Advertising testing	31.5	60.9
Test marketing	29.5	52.2
Sales, post-sales tracking	24.9	65.2
Public-opinion polls	10.5	8.7
Political polling	6.8	4.3

* Contribution to revenues reflects the average percentage of gross research revenues realized by research companies that are active in the specific activity listed. For example, among all companies measuring electronic media, the average percentage of those companies' revenues generated by activities in this area is 38.7%. ** Reflects percentage of question respondents identifying this activity as one of three possessing new business potential.

Sources: *Advertising Age*
Advertising Age graphic: Cynthia Watson

deal to acquire IRI for stock valued at \$572 million—a shocking 60 times IRI's annual earnings. But the Federal Trade Commission, apparently worried about

Bradstreet blinked."

Nielsen and IRI have been battling for supremacy since. A third competitor, Arbitron, lags behind but says this is the year it will mount a serious national challenge. (See story on Page S-12.)

But while there are dozens of potential markets into which all three companies can expand, there is a smaller number of remaining manufacturers large enough to need and afford the data.

Thus, rather than bringing new clients into the scanner-research marketplace, the three are wooing each other's clients.

As with most share battles, this one has led to price cutting.

Dun & Bradstreet, in its 1989 annual report, forecasts increased revenues but flat profits from the
(Continued on Page S-12)

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Issues for the '90s

"Data overload."

—Jon Wilkinson, marketing director, Research International, London

the elimination of competition, voted unanimously to seek a court order blocking the merger and the deal was called off.

Less than a week after the FTC's vote, the spirit of competition was rekindled, as IRI ran newspaper ads claiming "Dun &

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Futuristic weaponry

Combatants trot out flurry of scanner tools

By Scott Hume

When it comes to fighting each other for scanner-based research business, A.C. Nielsen and Information Resources Inc. are wielding increasingly formidable weapons.

The skirmish will take on an added dimension this year as Arbitron Co. increases the capacity of its electronic sales tracking system.

Having successfully convinced many grocery stores to utilize their scanner technology, research companies find the primary scanner marketplace edging toward saturation.

As a result they are focusing on expanding their service beyond grocery stores into convenience and mass-merchandise stores; improving the speed with which they can deliver data; creating proprietary software packages that can organize the reams of data produced into more accessible form; and enhancing their

buying and media measurement systems.

IRI's primary entry in the syndicated scanner research market is InfoScan, which tracks buying patterns at 2,700 grocery stores in 66 markets. It also draws data from a panel of 60,000 households in which all purchases are scanned by consumers.

IRI's BehaviorScan service tracks both purchases and TV viewing at 3,000 households in each of six cities. TV viewing is monitored electronically (a device records when the TV is on and to which channels).

Nielsen's ScanTrack measures purchases at 3,000 scanner-equipped stores in 50 markets. Augmenting it is the ScanTrack National Electronic Household Panel, which tracks purchases, through hand-held scanners, by 15,000 households. In 4,200 of those households, TV viewing also is monitored.

The Nielsen Local Electronic Household Panels track purchases by 27,500 households in a total of 10 markets (through I.D. cards

presented at checkouts).

Nielsen expects to be monitoring TV viewing by panel households in 25 markets by yearend.

Arbitron calls its system ScanAmerica. Since 1987, it has been solely in Denver, where it monitors 600 households. By the end of this year, Arbitron says it will expand the program to another 1,000 households in Atlanta, Chicago, Dallas, Los Angeles and New York.

ScanAmerica households also scan purchases at home with hand-held scanners. However, its data differ from IRI's and Nielsen's in that Arbitron is using people meters to monitor TV viewing. When a member of a panel household turns on the TV they first see a screen asking them to identify the family members who are watching.

"I suppose you could say we're behind [IRI and Nielsen] in terms of time, but we think we're passing them on quality," says Ken Wollenberg, Arbitron VP-sales and marketing.

ScanAmerica's use of people meters and in-home scanning of all purchases gives a more reliable data base, he claims.

Arbitron's new wrinkle, announced at this year's Food Marketing Institute convention, is CensuScan. Rather than scanning purchases at a sampling of stores within a market, the new syndicated program promises to monitor all purchases at scanner-equipped stores within a market.

The first market will be announced later this year and it will be operational in "selected markets" in 1991, Arbitron says. □

Newest IRI partnership triggers objection

Information Resources Inc. is again hearing objections concerning its plans to take on a partner.

Three years ago, the Federal Trade Commission blocked the research company's plan to sell out to Dun & Bradstreet Corp. and become a partner with rival A.C. Nielsen, a D&B subsidiary.

Now M/A/R/C says it is concerned about a "strategic alliance" announced in late May between IRI and BASES Burke Institute.

Among other things, the alliance will give BBI access to data from IRI's InfoScan, which electronically tracks grocery-store purchases.

BBI will use the data to augment its proprietary techniques for predicting the sales potential of new products.

IRI will enhance its BehaviorScan electronic test-marketing system by using BBI's Projector, a test-market forecasting system, and Sorcerer, which predicts the degree to which a new product will cannibalize existing products.

M/A/R/C has asked its lawyers to investigate the proposed alliance.

Last year, when it acquired IRI's ASSESSOR, a new-product modeling system, M/A/R/C says IRI agreed not to operate a survey-based new product test-marketing business for three years.

Bob Bregenzer, senior VP at IRI, says that the company has given M/A/R/C a copy of its contract with BBI and is confident M/A/R/C's concerns will be allayed.

—Scott Hume

Scanner

(Continued from Page S-10)

Nielsen Marketing Research unit because of "sharp price competition."

"There's no question that we're seeing severe price competition in the field right now," says IRI Senior VP Bob Bregenzer. "It's a buyer's market and it's to their advantage to play [the research companies] off against each other. That's why we're hoping to add differences, other than price, that can separate us."

Says Arbitron's Ken Wollenberg, VP-sales and marketing, "[Manufacturers] are driving down rates by playing us against

each other."

But all three are looking at similar value-added extensions.

One is expansion of purchase scanning out of groceries and into convenience stores, drugstores and mass merchandisers. IRI President Gian Fulgoni puts the market for data on products moving through non-grocery outlets at more than \$100 million annually.

IRI is scanning in 60 convenience stores and vows to add more stores and markets this year. Nielsen started in 30 Dallas con-

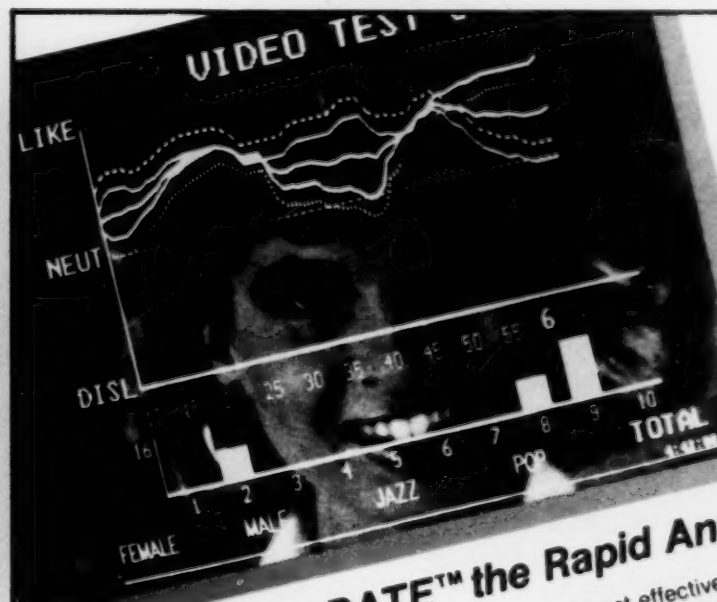
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"Single-source [research] produces an information glut. Can we separate the wheat from the chaff?"

—Jerry Rosenkranz, chairman, Data Development, New York

venience stores and added 30 in Los Angeles last year.

Scanner-equipping drug chains and mass merchandisers such as K mart and Wal-Mart is at the top of IRI's agenda this year.

"Nobody is scanning purchases at the drugstores," Mr. Bregenzer says. Nielsen is unlikely to do it, he says, "because they have a very profitable business based on auditing [i.e., tracking warehouse movement of products] and I don't think they'd want to jeopardize that by doing scanning, which could present different share numbers." Nielsen doesn't see a problem.

"I think we're all moving into scanning and we think we can have the best of both [scanning and auditing] worlds," says Toni Minarich, VP-beverage marketing at Nielsen. "We won't stop auditing, because there are too many 'Mom and Pop' stores that can't afford computers and scanners. But we want to stay on the cutting edge and we feel scanning provides that to clients."

A second major value-added area of emphasis is in speeding the delivery of data.

Nielsen says it is working on lowering the lag between the end of a reporting period and the delivery of sales data from three (Continued on Page S-16)

Powerhouses tear down Europe borders

Multinational marketers prod researchers for assimilated data

By Elena Bowes

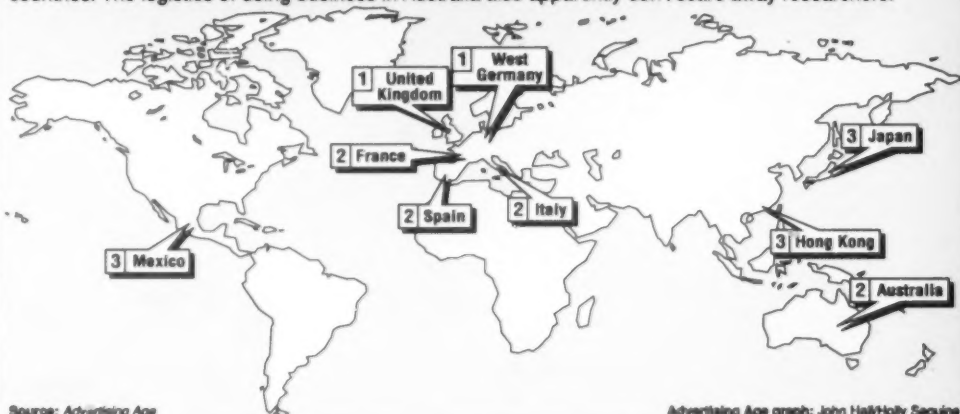
The race to plumb the behavior and values of the new Europe is on.

Dun & Bradstreet Corp.'s A.C. Nielsen Co., AGB Research and GfK Group, Nuremberg, are among the major companies scrambling to offer usable cross-border insights for multinational marketers, who increasingly want

to reach European consumers, rather than just the consumers of a given country.

"It's important that these companies produce standardized [multicountry] reports," says Tom Neumann, manager of media and programming development for Procter & Gamble Europe. "Up to now these companies were producing reports for the U.K., for France, for Germany, but not for Europe as a whole."

Advertising Age asked research company execs to pinpoint the international markets where they did the most business in 1989. West Germany and U.K. headed the list, followed by other European countries. The logistics of doing business in Australia also apparently don't scare away researchers.



Source: Advertising Age

Advertising Age graph: John Hall/Holly Seguire

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At stake is a piece of one of the hottest growth markets, as demand for pan-European research soars, reflecting in part the scheduled elimination of Europe's remaining trade barriers in 1992.

Respondents to Advertising Age's Research Business Report estimated an average 11.1% of their company's 1990 growth would come from international activities. Because the survey universe included a number of small companies without the capital to consider major overseas expansion, the estimated contribution of international activities to larger companies' revenue was noticeably higher.

While there are no overall figures for spending on multicountry research vs. single-country research in Europe, demand for

multicountry research is believed to be growing much faster.

For example, '89 spending on multicountry research by British-based marketers—including the many U.S. companies that have their European headquarters in England—jumped 32% to \$57.4 million, more than twice the 14% increase in spending (to \$324.3 million) for U.K.-only research, according to Association of Market Survey Organisations.

Nielsen recently opened an office in Lucerne, Switzerland, just to handle multicountry research; similar offices are planned in Paris and London.

Nielsen has started a twice-monthly international data base service that produces customized information on about 50 (and eventually 300) different product

categories. Ten companies, including Gillette Co., Coca-Cola and Cadbury-Schweppes have bought the data base service so far, Nielsen says.

This month Nielsen, the largest market researcher in Europe, also is publishing "European Passport," a report on trends in Europe's huge grocery business that it plans to sell to companies wanting to expand their markets beyond one European country.

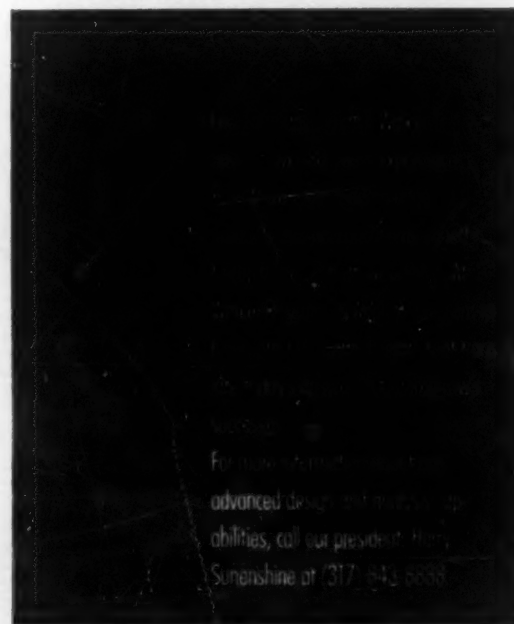
As recently as two years ago, European research companies had secure niches, notes Philip Barnard, former chairman of Research International, a prominent London research company owned by WPP Group.

"Nielsen had the retail audit side sewn up," while AGB and other companies like GfK and Paris-based Secodip "had the consumer panel side sewn up," says Mr. Barnard, now chairman of New York-based Decisions Center/Research International, the company resulting from Re-

(Continued on Page S-15)

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Researchers look eastward

GfK, Nielsen begin to track buying tendencies

By Elena Bowes

Major research companies see potentially fertile markets in the uncharted consumers of Eastern Europe.

GfK Group, Germany's largest research company, last month started monitoring the buying patterns of 2,000 East German households.

It also has opened offices in Hungary and Poland to do ad hoc research for international clients. GfK is also considering setting up shop in Czechoslovakia and the Soviet Union.

For the moment, rival A.C. Nielsen Co., a unit of Dun & Bradstreet Corp., is concentrating its efforts on East Germany.

"As Germany unifies, at least in an economic sense, [East Germany] is not so much a geographic extension as a national completion," says Hans Guldenberg, Nielsen's regional director of Central Europe.

In a sense, East Germany presents a more promising marketing opportunity than the rest of Eastern Europe. East Germans could watch West German TV long before the Wall tumbled. They are familiar with brands like Procter & Gamble Co.'s Ariel Ultra or Jacob Suchard's Milka chocolate bars.

In some cases, East Germans have a higher brand awareness

for products advertised on TV than West Germans, Mr. Guldenberg says, claiming the latter are bombarded with ads in newspapers, outdoor boards and other media, thus diluting the message.

Nielsen says it will soon open an office in Leipzig. The U.S. researcher plans to track food, drugs and durable goods in up to 100 large retail stores in East Germany's major cities. Nielsen then plans to merge this data with information gathered from diaries of TV viewing habits in about 1,000 households that shop in these stores.

Hinrich Krone, who heads Jacob Suchard's market research effort in Germany, is anxious for Nielsen or GfK to produce useful data on East German consumers.

"There is a need for all kinds of information," he says. "It is not too early to enter the GDR."

But while Nielsen and GfK are moving swiftly, other researchers are content to watch from the sidelines.

"Everyone has been caught up in the hoo-hah of political Eastern Europe," says Andy Maslen, marketing development director of Euromonitor, a British research

Top research companies in 1989 international revenue

	\$100,000	% change
1. A.C. Nielsen*	\$542.1	8.5%
2. IMS International*	221.0	0.9
3. Research International	81.7	9.7
4. MRB Group	42.0	1.4
5. Millward Brown	30.3	26.3
6. Associated Global Market Res.	29.6	15.6
7. Information Resources	22.6	23.5
8. Louis Harris & Associates	11.8	6.3
9. National Research Group	2.6	23.8
10. McCollum/Spielman Worldwide	2.4	41.2

*Advertising Age estimate; all companies ranked by gross research revenue from non-U.S. activities
Source: Advertising Age Ad Age Graphic: John Hall

company. "But once the political hubbub dies down, people will start weighing the costs, and

they'll realize Western Europe is much less expensive and easier to market." □

Europe

(Continued from Page S-14)

search International's 1987 purchase of Decisions Center.

Now Nielsen readily admits it's moving into ad hoc research and consumer panels.

"When sales were booming, retail audits were a sufficient tool to understand where [products] were going," says Emanuele De Natale, exec VP of A.C. Nielsen-Europe. "Now that the markets have slowed down, we need to understand the consumer much better than before."

In the past year, Nielsen has bought ad hoc researchers Centrum for Marketing Analyses, Amsterdam; AIM Research, Copenhagen; and Milan-based C.R.A. With the acquisitions, Nielsen says it now tracks 25,000 European households on an ongoing basis throughout Europe.

Nielsen last year introduced its first pan-European product, Quartz, which provides simulated market tests for marketers preparing to launch a product. Rather than test the virgin product on store shelves, Quartz evaluates consumer reactions to the product concept in Europe's five major countries.

More than 25 multinationals, including Nestle, Procter & Gamble Co. and Paris-based BSN, France's largest food and beverage company, already have signed up for the service, which can cost as much as \$60,000, Nielsen says.

Nielsen's rivals are by no means asleep. AGB, Europe's third largest market researcher after Nielsen and pharmaceutical market researcher IMS International, has invested \$13 million over the last several years, nearly a third of its

(Continued on Page S-16)



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Pollsters jockey for position

(Continued from Page S-6)
1979. Linda DiVall, American Viewpoint-president, became director of research for National Republican Congressional Committee, a party organization that aids congressional campaigns.

Five years later she set up American Viewpoint after cultivating relationships with congressional members, some of whom "obviously had statewide potential." Among them were Ms.

Schneider and Ms. Martin, Ms. DiVall says.

Still, winning is the name of the game, and Ms. DiVall knows her future success will depend on her clients' performance in 1990. "This is a critical year for us," she admits with a nervous laugh.

On the opposite side of the Iowa race, working for Sen. Harkin, is Garin-Hart Strategic Research, Washington. President Geoffrey Garin sees important differences

between political and corporate research.

"Politics is a lot more free-form," Mr. Garin says. Like other pollsters, he takes issue with the notion that it's mostly counting and reporting numbers. "We really get involved," he says, "not just as pollsters, but as part of the [campaign] family."

"I'm part of the strategy committee," says Mr. Garin's rival Ms. DiVall. "Sometimes in the heat of battle you tend to react to what happened yesterday. I can remind the team what the issues and agenda are."

Political ideology is another distinguishing characteristic of the political research business.

Most pollsters are Republicans or Democrats, period.

"There's still a lot to be said for party loyalty in this industry," says Chris Meyer, editor of *Campaigns & Elections*, a trade magazine for political consultants.

"To do things well, you have to care a lot about what you're doing," says Mr. Garin. "This is not just about individuals, but also about who controls Congress."

"Life is way too short" to work for somebody you wouldn't vote for, "and this work is way too hard," says Mr. Lazarus.

While pollsters once popped up only around major elections, more and more of them are trying to ply

their trade year-in and year-out.

To do so, they are getting more involved in mayoral contests and "minor" state elections, as well as in early polling for would-be candidates for major posts.

Corporate public affairs work and polling for grass-roots referendums are also growing as off-year revenue boosters.

"If you think there's tough competition for Senate races in the even-numbered years, you should see these guys scramble in the off years," says Mr. Phillips. □

Adam Lashinsky is an Advertising Age correspondent based in Washington.

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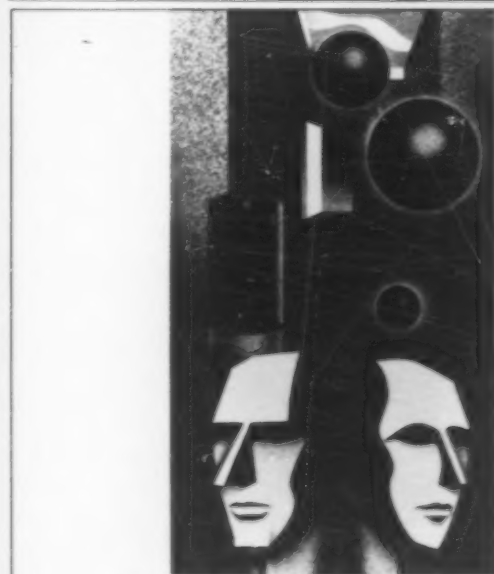
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Scanner

(Continued from Page S-12)
weeks down to less than one. IRI is trimming delivery times down to two weeks from 24 days and is promoting a FlashScan service that provides data from 500 InfoScan stores one week after the end of a sales week.

The most profitable area of difference is computer software that can analyze and sort the scanner data and assemble it into more accessible presentations.

IRI in March introduced CoverStory, which processes InfoScan data into concise reports on the sales performances and marketing effectiveness of individual brands and their competitors.

Nielsen offers ScanFact and, in partnership with Metaphor Computer Systems, the Nielsen/Meta-

phor DataBank services. Both Nielsen and IRI software are compatible with each other's data-gathering systems.

Arbitron calls its 2-year-old data-sorting program DecisionMaster.

"The real opportunities in the market right now are in software," IRI's Mr. Bregenzner says.

But while improvements are made in data creation for product movement, critics say the researchers should be paying more attention to the media-monitoring process that creates single-source programs.

"As soon as you say 'single source' it sounds like you're measuring everything, but you're really not," says Mr. Warrens.

"The absence of magazine monitoring, for example, is a major omission. Print measurement is a must if you're going to be making the assumption that you're check-

ing [media] stimulus and [buying] response," he says.

Mr. Warrens says refinements in media measurement are coming and that additional refinements in product scanning are needed.

"There are questions about the accuracy of the scanning," he says. "UPCs don't always identify unique products because some manufacturers are using the same code on different sizes and varieties to get around paying the high slotting allowances."

All the questions set the stage for a pressure-filled environment for research companies.

"The power has shifted to retailers, and I think they'll get stronger. Advertisers will be stronger, too," says Mr. Wollenberg.

"That means the research companies have to look for ways to differentiate themselves and show they serve a purpose," he says. □

Europe

(Continued from Page S-15)
annual revenue, upgrading its electronic data bases.

AGB has created a new unit, AGB Insight, to come up with specialized applications of data. For example, AGB says it can fuse sales figures with TV audience measurement figures and con-

sumer panels to tell what a particular ad campaign did for a product's sales.

Europanel, a consortium of Europe's leading consumer panel companies, including AGB, GfK and Secodip, last year began work on its first pan-European product, the European Market Measurement Database. It tracks the movement of consumer goods throughout Western Europe, gleaned information from 55,000

households. When completed by the end of this year, the data base will cover 50 categories of package goods.

Europanel also has devised what it says is a fresh way to look at Europeans, spending a year interviewing 20,000 people to come up with new categories based on behavior, attitudes and values rather than social class.

"There has always been a problem analyzing consumers across Europe," says John Whitaker, group managing director of AGB. "What sort of job you do is less important than what sort of life you lead."

Europanel questions identify specific "socio-styles." People with similar interests and beliefs form "Euro-districts" offering advertisers niche marketing opportunities, AGB contends.

For example, yuppies, which are termed "Euro-Business" by Europanel, constitute 5% of the European population, "a sizable chunk," Mr. Whitaker notes.

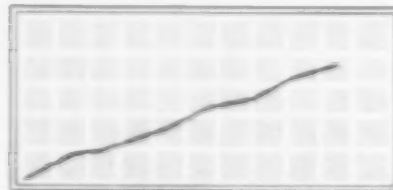
GfK, meanwhile, is determined to loosen Nielsen's grip on the retail audit sector. GfK already competes head to head with Nielsen in Germany's food retail audit industry, but now the German company plans to try its hand in other countries.

GfK employs a technology called Euroscan, licensed from Information Resources Inc., that allows it to merge consumer panel data with retail audit figures into one instrument to learn more about consumer behavior.

GfK now tracks 10,000 German households and sales at 200 stores. It is developing Euroscan in France and England and has plans to export it to Italy, Spain and the Netherlands.

Such single-source studies are hailed by Klaus Hehl, GfK's coo, as "the wave of the future." □

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'Sugging' threat worsens

Wolf in 'market researcher' clothing killing the field

By Joseph M. Winski

Market research really is good for consumers, the market research industry insists.

It helps manufacturers decide what products to sell. It reduces the cost—and therefore the price—of getting new products to market. And so on.

Trouble is, consumers don't know all that. All they know is that a stranger called during the dinner hour for the fourth night this week, and enough is enough.

Hence the sound being heard by more and more market researchers these days: *click*.

It's not a pleasant sound. It means growing numbers of consumers are refusing to cooperate with researchers, raising a major obstacle to the industry's ability to scrounge up the nationally projectible samples on which scientific market re-

search is based.

"It's becoming a more serious problem every day," says Roger Ehle, president of Conway/Milliken & Associates.

The culprit, as Mr. Ehle and just about any other market researcher is quick to relate, is the telemarketing industry.

From market researchers' perspective, it's bad enough that all those people are selling things by telephone. What makes it worse is that too many pretend to be conducting market research.

The phenomenon is so widespread it has given rise to a research industry acronym, now several years old, describing it. It's referred to as *sugging* (pronounced with an "sh" sound), or "selling under the guise" of research.

"Sugging" is largely blamed for record-high respondent refusal rates. It varies by particular survey, but industry executives say refusal rates of 40% of the people approached aren't uncommon. Two decades ago, a typical refusal rate was about 15%.

Perhaps the most definitive research on the subject, the every-other-yearly "Walker Industry Image Study" by Walker Research, found in 1988 that 34%

Issues for the '90s

"Shotgun legislation attempting to control telemarketing activities [and] affecting research."

—Beryl L. Levitt, president, AHF Marketing Research, New York

of all consumers questioned had refused to participate in at least one survey in the preceding year.

That was up from 24% in 1986 and the highest since the study began in 1974, says Steve Walker, a Walker Research VP who directs the image study.

Technology, which on one hand has sim-

plified research through such things as computer-assisted telephone interviews, is also working against the research companies.

More people are screening calls with answering machines, for example. In 1988, about half of the respondents in the Walker study with answering machines who used them to screen calls said they wouldn't return calls from market researchers.

Now looming on the horizon are such additional technological "advances" as caller identification services and devices that allow people to program the numbers from which they will accept calls.

Valid research on the impact of such technologies hasn't been completed, but they "should be of concern to the industry," Mr. Walker says.

More threatening than technology may be some of the bills that legislators are throwing into the hopper to combat rampant telemarketing, often without making allowances for legitimate research.

Mr. Ehle says he has heard of proposed legislation in some states that would allow consumers to designate in their telephone directory that they don't want unsolicited commercial calls.

If proposals like that gain widespread acceptance, he says, "telephone interviewing as we know it in this country is long gone." □

Decade of data overload

(Continued from Page S-1)

for the industry, says Elliott Young, president of Perception Research Services, in his response to the Ad Age survey.

Under pressure to win business

Issues for the '90s

"Marketing research being purchased as undifferentiated 'commodity.' This has led to compromising on research quality by some firms."

—Roger E. Ehle, president, Conway/Milliken & Associates, Chicago

with low bids—or simply to squeeze out a profit—some research companies are cutting corners, peddling research of dubious quality.

This further tarnishes the industry. A number of respondents to the Ad Age survey mentioned "quality" as an issue facing market researchers.

"Junk research" is "soiling the business," wrote survey respondent Norman Hecht, president of Norman Hecht Research.

At the same time, research companies are spewing out so much data that potential users are overwhelmed. They don't know what's meaningful to them, or how to use it.

A recent Advertising Research Foundation survey of 68 companies, mostly research companies and marketers, found that "data overload" is the "most characteristic" attribute applicable to the research industry.

All this has led to the most painful development of all for research companies: a sense of being out of the loop, of feeling that top management no longer views research and research people as essential to the decision-making process.

There is "a perception that market research has been oversold," says Jerry Rosenkranz, chairman of Data Development, in his survey response. A vital issue for the industry, he says, is whether research "can regain acceptability at the top management level of corporations."

Researchers' own research is underscoring the bad news.

The ARF survey found "marked declines for research reputation, quality improvement and top management support for both respondents' companies and the industry as a whole" between 1988 and 1990.

For good or for ill, technology has cut a broad swath through the industry in the last few years. Electronic scanning has been particularly significant, in effect wiping out big chunks of ad hoc, or custom, research business conducted through more traditional avenues such as by telephone or mail surveys.

"Scanning has directly hurt our company," concedes Market Facts' Mr. Churchill.

Market Facts must scramble for what's left of the research budget, he says.

That doesn't mean IRI and Nielsen face smooth sailing. The two have divvied up about as much of the grocery-market business as they are likely to get.

IRI now is extending its scanners into drugstores—where Nielsen dominates with its manual auditing service—setting up yet another battle between the two companies for existing business.

Gian Fulgoni, IRI's CEO, admits that buyers of scanning data have a problem.

"They say to us, 'You've got data and Nielsen's got data. Now, what do I do with it?'"

Thus, the next phase—and battleground—for the scanner companies will be in applications software, he says.

"You won't be hearing about 'data overload' so much," Mr. Fulgoni promises.

Traditional research companies have hardly conceded the business to the new technology. Audits & Survey's Mr. Dutka says there remains a sizable "non-scanning universe" that will continue to buy "quality" research from his company.

In addition, for all its sophistication, scanner technology can't answer why people buy the products they do.

That's the reason researchers like Judith Langer, president of Langer Associates, and others say qualitative research will continue to flourish in the 1990s.

M/A/R/C, which claims to be the country's largest custom-research company, is betting on market-simulation models and data base marketing for much of its growth, says Sharon Munger, president and chief operating officer.

Ms. Munger says M/A/R/C also will look increasingly to the service sector for business and will rely less on package-goods companies.

She cites as fertile growth opportunities such service segments as financial, foodservice, pharmaceutical and travel and leisure companies.

Similarly, Market Facts' Mr. Churchill says his company sees growth in financial services and healthcare "picking up some of the slack" from slower sales to package-goods companies.

He also says he sees signs that "the pendulum is swinging" back to custom research from syndi-

cated research.

"The notion that custom research is doomed is crazy," Mr. Churchill says. "As long as it can reduce risk there will be a need for it." □

Christy Fisher in Dallas contributed to this story.

Getting gray around the research temples

Leading revenue-generating and growth categories by market segment

	Average contribution to revenues*	Growth category**
Mature market	28.9%	46.6%
Hispanic market	27.8	40.0
Black market	14.2	13.3
Pre-college youth market	6.5	25.6
College market	4.4	6.6

* Contribution to revenues reflects the average percentage of gross research revenue realized by research companies active in the specific market segment listed. For example, among all companies doing research in the mature market, the average percentage of these companies' revenues generated by activities in this area is 28.9%. ** Reflects percentage of question respondents identifying this market segment as one of those presenting new business potential.

Source: Advertising Age
Advertising Age graphic: Cynthia Wilson

The once and future king: Package goods

Leading revenue-generating and growth categories by client type

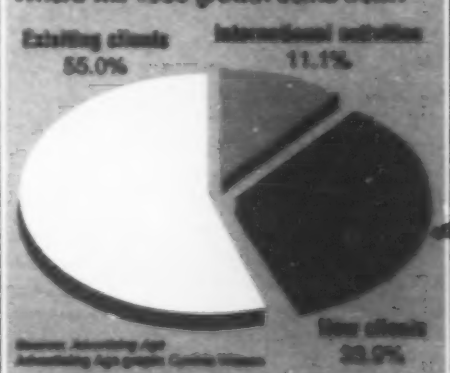
	Average contribution to revenues*	Growth category**
Package goods (food)	17.9%	33.3%
Package goods (non-food)	15.8	27.7
Automotive	15.7	11.1
Pharmaceuticals	14.3	13.3
Business to business	11.3	27.7
Financial services	10.4	19.4
Entertainment	10.4	8.3
Tourism/recreation	10.1	27.7
Toiletries & cosmetics	9.6	5.5
Healthcare	8.1	22.2
Government	6.6	11.1
Computers & high technology	6.5	13.3
Restaurants	6.5	5.5
Traffic & leisure	5.8	5.5
Retailing	5.4	16.6
Utilities	4.7	5.5
Appliances	3.9	2.8

* Contribution to revenues reflects the average percentage of gross research revenue realized by research companies active in the specific market segment listed. For example, among all companies doing research in the package goods (food) market, the average percentage of these companies' revenues generated by activities in this area is 17.9%. ** Reflects percentage of question respondents identifying this market segment as one of those presenting new business potential.

Source: Advertising Age
Advertising Age graphic: Cynthia Wilson

Staying close to home

Where will 1990 growth come from?



In addition, when cost-cutting corporations decide what research they must have, Mr. Churchill notes, "Right at the top they say, 'Let's monitor our share—let's buy the Nielsen data or the IRI data.'"

Custom research companies like

Lipstein negotiates with Japanese

By Scott Donaton

NEW YORK—Owen Lipstein is discussing a partial sale of his troubled magazine empire to a Japanese media company, a deal that would mark one of the first substantial Japanese investments in a U.S.-based publishing company.

At the same time, sources say Terry McDonell, the founder and editor of *Smart*—in which Mr. Lipstein holds a majority stake—is separately discussing the sale of that magazine to an unidentified U.S. media company.

"I can acknowledge that there is a discussion with a Japanese company" about New American Magazine Co., said Mr. Lipstein, who declined to identify the company. "There is a discussion that has been going on and is going on, and if something happens it would be exciting."

Sources close to New American Magazine Co. indicate the matter will be resolved—one way or the other—within the next few weeks.

One source said the Japanese company

would likely back out of a deal with Mr. Lipstein if *Smart* were sold separately, since much of the new investor's interest is said to be in the fledgling men's title.

Mr. Lipstein said any deal involving his company would include *Smart*, but sources say he and Mr. McDonell disagree over whether *Smart* is part of New American Magazine Co.

Mr. McDonell is said to view the men's magazine as a separate property from Mr. Lipstein's other titles. Although Mr. Lipstein is the largest investor in *Smart*, the magazine is published by Smart American, of which Mr. McDonell is president and Mr. Lipstein is chairman.

Mr. McDonell couldn't be reached for comment last week.

New American Magazine Co., formed earlier this year after Mr. Lipstein sold his flagship *American Health* to Reader's Di-



O. Lipstein

gest Association, includes *Mother Earth News* and *Psychology Today*. Publication of the latter title was suspended earlier this year, but Mr. Lipstein has said it will be refocused and relaunched in September.

Mr. Lipstein said the Japanese company would be a minority investor in his company, but sources familiar with the talks say the Japanese company wants to acquire a 50% interest and possibly a majority stake.

The price is said to be about \$8 million, though what size stake that would buy is unclear. Mr. Lipstein wouldn't comment on details of the discussions.

The acquisition is said to be contingent on Mr. Lipstein reducing his company's debt, but Mr. Lipstein has said the sale of *American Health* left his company virtually debt-free, a claim disputed by some industry observers.

If Mr. Lipstein reaches an agreement with the Japanese company, it would represent that country's first high-profile move into U.S. publishing.

After making investments in real estate, automotive, entertainment and other U.S.

industries in recent years, Japanese companies are said to be turning their attention to the publishing world.

At least three Tokyo-based publishers—Dentsu, Nikkei Business Publications and Magazine House—gained membership in Magazine Publishers of America within the past year. Dentsu is also the world's largest ad agency.

"The Japanese are interested" in U.S. publishing companies, said John Veronis, chairman of investment banker Veronis, Suhler & Associates. "They always respect brand names, they respect franchises... and the Japanese are very methodical, thorough and cautious in their approach to things."

Publishing consultants note that *Smart*, launched in 1988, has won much praise for its editorial product but hasn't yet reached its full circulation and advertising potential.

It increased frequency to 10-times-yearly from every-other-monthly with its March issue, and claims a rate base of 250,000. □

P&G

(Continued from Page 1)

energy resources and slightly more than four times the renewable energy resources, the study found.

Further, reusable diaper manufacture and use generate 50% more processed solid waste that must be treated, as disposable diapers often aren't rinsed after use. And the reusable diapers use more than six times more water and release nearly 10 times higher levels of total water pollutants, the study found.

"The issue has generated a lot of questions and accusations about the impact of disposable diapers on the environment," said Elaine Plummer, a P&G spokeswoman. "We did the study to confirm our belief that the environmental impact [of disposable diapers and cloth diapers] is about the same."

A spokeswoman for the National Association of Diaper Services said the group has major problems with the study and is planning to respond.

Arthur D. Little analyzed government reports and statistical surveys, including a study the association released last year that was favorable to reusable diapers.

Both P&G and Kimberly-Clark Corp., marketer of Huggies, are using lobbyists, independent research studies, direct mail appeals and information campaigns to fight anti-disposable diaper legislation. Kimberly-Clark handles its effort in-house.

The diaper marketers also are working through the American Paper Institute and the new Diaper Manufacturers Group.

"The issue is how to best manage our trash, not to apply legislation to a single product [diapers] that accounts for only 1% to 2% of the space in landfills," said Tina Barry, Kimberly-Clark VP-public relations.

At least 20 states are considering bans or special taxes on disposable diapers.

California, Hawaii, Minnesota, Michigan, Vermont, Arkansas, Arizona, Massachusetts, New York, Ohio, Pennsylvania, Rhode Island, Tennessee and Washington are considering bans on non-degradable disposable diapers; a measure in Florida would prohibit the sale of any disposable diaper after Oct.

1, 1993. Special taxes on disposable diapers are pending in Iowa, Illinois, New Jersey, New Hampshire and Texas; a special tax was defeated in Wisconsin but is expected to be reintroduced.

Nebraska is the only state so far that has approved a ban on non-biodegradable disposable diapers. The ban will take effect in 1993.

"This is the fad fringe issue of the year," said Jerry Taylor, legislative director for the American Legislative Exchange Council, a non-partisan group that tracks initiatives for state legislatures. "Legislators want to make it look like they are doing something for the environment, to solve the solid waste crisis, and diapers are an easy target."

Cloth-diaper services in the past 18 months have shown a tremendous boost in households served by promoting the environment friendly aspects of cloth diapers.

According to the National Association of Diaper Services, the number of households using diaper services nationally totaled 750,000 last October, up 38.5% from a year earlier.

"We represent a reusable, viable alternative to disposable diapers, and we have tried to educate the public about that," said John Shifert, executive director of the group.

In promotional literature, cloth-diaper services in general describe their product as better for the environment since cloth diapers don't eat up landfill space.

"The ecological impact of disposable diapers is bringing people back," said Jack Mogavero, president-chief operating officer of General Health Care Corp., whose 13 divisions include DyDee Service, one of the nation's largest diaper services.

Mr. Mogavero said company sales grew 11% in the first quarter, and he projects a 43% increase for the year.

But both P&G and Kimberly-Clark said disposable diaper sales this year remain very strong. Disposable diapers accounted for about 17% of P&G's 1989 sales of \$21.3 billion. Kimberly-Clark diapers accounted for 25% of the company's \$5.7 billion in sales.

Huggies is the leader, with a 32.5% share of the \$3.5 billion disposable diaper market; Pampers is second with a 25.5% share, followed by Luvs' 24.5%. □

Gallup

(Continued from Page 1)

several ways of controlling this problem. Do you favor or oppose placing a tax on disposable diapers?"

Of people with annual household incomes of \$75,000 or more, 50% favor a special tax while 43% do not. Only 39% of those earning less than \$20,000 annually back a tax, while 50% do not.

Of those respondents ages 18 to 34, 50% oppose a tax and 42% support the idea. Those ages 35 to 54 represented the biggest opposition group in terms of age, with 57% against a tax and 38% in favor.

More men than women favor the tax concept, 45% to 34%.

Respondents also were asked if they favor or oppose "banning disposable diapers."

Forty-three percent say they support a ban while 47% are against the idea.

Of those with incomes of \$75,000 and more, 60% are against a ban, while 46% of those earning less than \$20,000 a year

oppose it.

Among respondents ages 18 to 34, 58% oppose a ban; 34% of those 55 and older are against the idea.

The survey, with a margin of error of plus or minus 3.1%, found that in the Northeast, where landfill space is at a premium, 41% of the respondents favor a ban while 48% oppose the idea.

On the West Coast, where environmental awareness is high, respondents were split evenly—44% each for and against—on the question of banning.

In the Northeast, 55% of respondents oppose a tax, but West Coast respondents were again almost equally divided. Forty-six percent say they oppose a tax, while 45% favor the idea.

Those who said they either favor or strongly favor a special tax were asked if they would still support the concept if shown that a tax would have the greatest negative impact on lower-income households. Eighty-one percent say they would.

Among those who either favor or strongly favor a ban, 86% say they still support a ban even if lower-income households would

be disproportionately hurt.

Kimberly-Clark said it isn't surprised by the findings.

The company noted a national *Wall Street Journal*/NBC News telephone poll of 1,001 registered voters in April showed respondents favor a ban on disposable diapers by a 3-to-1 margin.

"It's easy to favor a tax or ban if it doesn't affect you, and that's partly what you'll see in surveys like this," said Tina Barry, Kimberly-Clark's VP-public relations. "The problem is that parents with children of diapering age are being made to feel the entire burden of the nation's garbage woes. For this reason, we oppose a tax that would apply only to disposable diapers and not the thousands of other products that account for 98% of the garbage in landfills."

The company said 9% of U.S. households have one or more children in diapers.

At press time, P&G couldn't be reached for comment. The company this month is launching a publicity drive, via Burson-Marsteller, Chicago, to fight efforts to ban or tax disposable diapers (see story on Page 1). □

Volley

(Continued from Page 3)

Tim Hovland, the top money winner in men's pro beach volleyball.

"What has happened with volleyball is that through the [1984 and 1988] Olympics, it's become an extremely popular spectator sport," said Miller spokesman Dave Fogelson. "That we've been able to take the sport to non-traditional markets is evidence of its growing popularity."

Miller, which sponsors 20 of the tour's 24 events as the Miller Lite Pro Beach Volleyball Tour, is looking at extending and expanding ties with the association when its contract is up this year.

Support primarily consists of point of purchase and radio in event markets. TV is a possibility in the future, said Janey Marks, the tour's general manager and a former manager of amateur sports for Anheuser-Busch. Miller Lite's sales promotion agency is Gary M. Reynolds & Associates, Brook-

field, Wis.

Heublein's Jose Cuervo tequila sponsors the remaining three events, called the Cuervo Gold Crown.

There are eight other full-tour sponsors. The first-timers are L.A. Gear, the presenting sponsor on the Miller Lite tour; Evian Waters, Fila and Kinney Shoe Corp.'s Foot Locker and Champs stores as major sponsors; and Frito-Lay, Free Style watches and Bausch & Lomb's Killer Loop sunglasses as official product sponsors. Hertz Corp. is an existing official product sponsor.

Typically, a presenting sponsor would spend in the low six figures, Ms. Marks said. She said a major sponsorship would cost in the high five figures; an official product sponsor would cost less.

The tour estimates 250,000 spectators will turn out this summer to see the two-man teams go at it. In places where there's no beach, the tour will truck in sand to build courts.

Those attending the matches are split evenly between men and

women, most ages 18 to 39 with household incomes of \$40,000, Ms. Marks said.

The players are sought after by advertisers as well. The most high-profile players on the circuit are "King of the Beach" Sinjin Smith and Olympic gold medalist Karch Kiraly.

Mr. Smith has deals with Bolle America sunglasses, Mikasa volleyballs and Sideout Sport, an apparel company of which he's part owner. Mr. Kiraly endorses Bausch's Ray-Ban sunglasses, Mizuno Sports footwear, Scott Hawaii sandals and Quicksilver apparel.

The tour will get its first network TV coverage in September on NBC. The network will air the Miller Lite USA national championship, played Aug. 25 and 26 in Hermosa Beach, Calif., as a 90-minute special.

The Miller Lite tour is telecast by cable's Prime Network, which claims 21 million households on 16 regional sports cable networks. The Cuervo series is telecast by ESPN. □